(c) whether Government are aware that many companies have duped small investors during the last one decade; and

(d) if so, what action has been taken against the defaulting companies for duping small investors?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) Department of Company Affairs (DCA) has issued a notification amending the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 to, *inter-alia,* provide for issue of notices either under registered post or under certificate of posting and with an advertisement in newspapers to this effect. The Government and the regulatory bodies concerned have issued detailed guidelines for disclosure, capital adequacy prudential norms, compliance with regulatory norms etc. The Companies Act, 1956 was amended to establish a fund called the "Investor Education and Protection Fund.' The Rules for the Fund have been notified on 1st October 2001. Section 274 of the Companies Act has been amended and a new provision made in the Companies (Second Amendment) Bill, 1999, whereby a director of a public company which fails to file annual accounts and returns for any three continuous financial years or to repay deposits will not be eligible to be a director in a public company for five years, besides facing prosecution etc.

(c) and (d) It had come to the notice of the Securities and Exchange Board of India (SEBI) that certain companies were not complying with the requirements of listing agreements and were also not available at their registered offices after making public issues. SEBI has issued orders against defaulting companies and their directors / promoters prohibiting them from raising funds in the capital market, dealing in securities and associating with any of the intermediaries in the capital market, for a period of five years. DCA has intimated that 26 companies are under liquidation; 2 companies have been seized by the State Governments concerned; prosecution proceedings have been launched against 135 companies for non-filing of statutory documents; and default notices have been issued against 2 companies.

Reduction in interest rate on loan to Cooperative Sector

213. SHRI K. RAHMAN KHAN:
PROF. A LAKSHMISAGAR:

Will the Minister of FINANCE be pleased to state:

(a) whether considering serious drought situation in southern areas of the

country, Government propose to reduce the interest rate on loan provided to the cooperative sector;

(b) if so, whether Karnataka has requested the Central Government to extend the facilities to the State;

(c) if so, what are the details in this regard; and

(d) the decision taken by Government in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) There is no such proposal under consideration.

(b) Government has not received any request from Karnataka for extending the facilities to the State.

(c) Does not arise in view of (b) above.

(d) National Bank for Agriculture and Rural Development (NABARD) has reported that based on the suggestion made by Hon'ble Chief Minister of Karnataka during the budget presentation for the current year to reduce the lending rates by 2%, some of the District Central Co-operative Banks (DCCBs) in Karnataka have agreed to reduce the interest rate by 1% to 2%. NABARD has also decided to reduce the maximum interest rate on refinance for short term (seasonal agricultural operations) to State Co-operative Banks (SCBs) / District Central Co-operative Banks (DCCBs) from 8% p.a. to 7.5% p.a. NABARD has also reduced the rate of interest on its short term refinance to SCBs / DCCBs for financing marketing of crops from 10% to 8.5% p.a.

Raids of Income-Tax department on Great Eastern Shipping Corporation and IPCA Laboratories

214. SHRI BHAGATRAM MANHAR:
SHRI RAJU PARMAR:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Income Tax Department have conducted nation-wide raids at several premises belonging to Great Eastern Shipping Corporation and IPCA Laboratories;

(b) if so, what are the details of cash, jewellery and other articles / documents found during the raids;